



MINTH GROUP LIMITED 敏實集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 425

ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT

2017





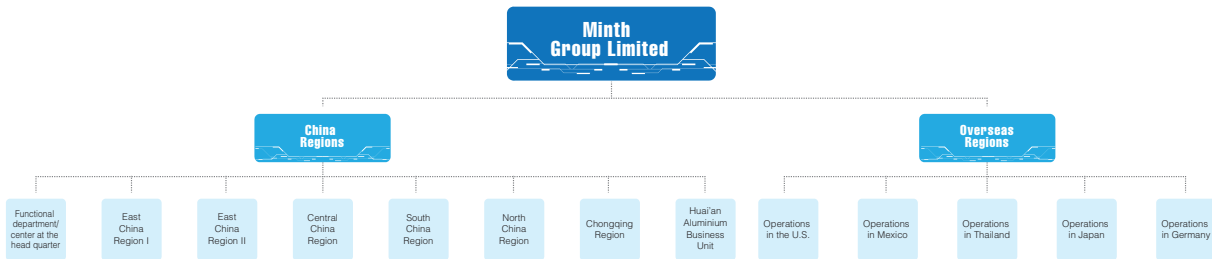
Contents

Group Profile	2
About this Report	3
Message from the Management	4
Key Performance During the Reporting Period	5
1. Responsible Enterprise with Integrity	6
1.1. ESG Governance	6
1.2. Stakeholders Engagement	7
1.3. Materiality Analysis	9
1.4. Anti-Corruption	11
2. Strive for Perfection and Embrace Change	13
2.1. Innovative R&D	13
2.2. Product Responsibility	15
2.3. Win-Win Cooperation	18
3. Beautiful Minth: Environmental Protection	20
3.1. Environmental Management	20
3.2. Green Operations	21
3.3. Environment-Friendly Culture	28
4. Safety First: Focus on Health	30
4.1. Health and Safety Management	30
4.2. Production Safety	31
4.3. Safety Culture	33
5. Unified Team: Love in Minth	35
5.1. Beauty of Employees	35
5.2. Joint Development	38
5.3. Holistic Health	41
6. Bringing Hope for “Pearls”: Giving Back to the Society	46
7. Appendix: HKEX ESG General Disclosures and KPIs	52

GROUP PROFILE

Minth Group Limited was listed in Hong Kong (stock code: 0425) on 1 December 2005. The Group is mainly engaged in the design, manufacture, and sale of trims, decorative parts, body structural parts, roof racks, and other related auto parts. The Group has manufacturing bases mainly located in China, the United States, Mexico, Thailand and Germany, supplemented by R&D centers in China, Germany, North America and Japan. It serves major automotive markets all over the world and caters to the ever-growing customer demand.

GROUP STRUCTURE

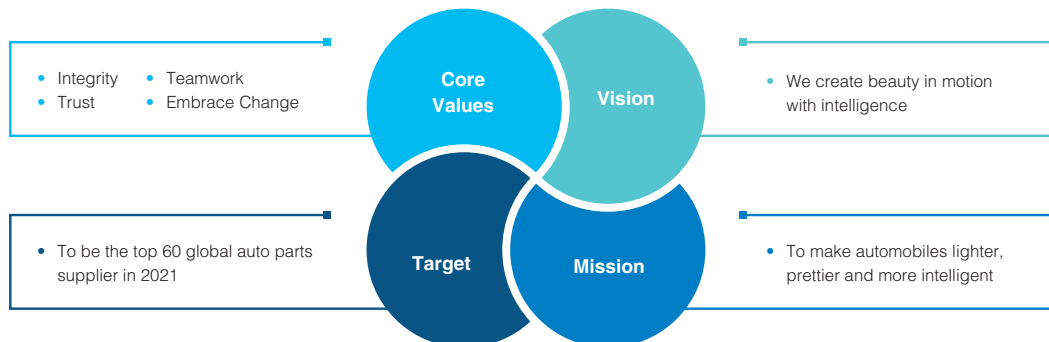


GROUP STRATEGY

By adhering to the strategy of meeting the demand of its customers, the Group continuously proceeds with business globalization and secures more global orders supported by visionary layout. It also aims to optimize its comprehensive return and enhance its global competitive edge via standardized production lines built with advanced production model. At the same time, it is building its core competitiveness of low cost, high efficiency, and high quality through lean production, while consistently promoting its automated, flexible, and intelligent production model. The Group has improved the layout of advanced technologies such as anodizing and coating in North America and Europe and further completed its global layout and enhanced the overall competitiveness of its overseas factories. Catering to the development trend of automotive industry and the need for diversification to new business areas, the Group constantly introduces new products and technologies and actively explores new business areas of auto parts in combination with the automotive development trend characterized by intelligence, lightweight and electrification.

MINTH CULTURE

Corporate culture is the fundamental for the development of the Group, which clarifies our goals and mission and provides inexhaustible impetus for the progress of the Group.



ABOUT THIS REPORT

SCOPE OF THE REPORT

This report is the second Environmental, Social and Governance (“ESG”) report issued by the Company. It covers the period from 1 January 2017 to 31 December 2017 (the “Reporting Period”), mainly disclosing the Group’s actions and performance in the aspects of environmental management and social responsibility in order to meet the expectations and requirements of its stakeholders. The ESG related policies, statements, and data in this report involve the Group’s headquarters and its subsidiaries, and any inconsistency in the scope of disclosure will be explained in the report.

REPORTING REFERENCE

This report was prepared with reference to the revised Environmental, Social and Governance Reporting Guide issued by the Stock Exchange of Hong Kong Limited (“HKEX”) in December 2015. The content of this report was determined according to a set of systematic procedures, including identifying and prioritizing key stakeholders, identifying and prioritizing material ESG issues, deciding on the boundaries of the ESG report, collecting relevant materials and data, compiling the report based on the data, and reviewing the information in the report, etc.

RELATED ABBREVIATIONS

For the convenience of presentation and reading, “Minth Group Limited” is referred to as “the Company”, together with its subsidiaries collectively referred to as “the Group” or “we”.

SOURCE OF MATERIAL AND ASSURANCE

The information and cases in this report mainly come from the Group’s statistical reports and related documents. The Group hereby affirms that this report does not contain any false records or misleading statements and that the Group is responsible for the authenticity, accuracy and completeness of its contents.

CONFIRMATION AND APPROVAL

After confirmation by the management, this report was approved by the Board of Directors on 17 July 2018.

ACCESS AND FEEDBACK TO THE REPORT

There are traditional Chinese and English versions for this report. In consideration of environmental protection, we recommend you to read the electronic version of the report. The electronic version can be found on the Group’s website or the Company’s “Financial Statements/ESG Information” on the website of HKEX. We greatly value the opinions of stakeholders and welcome readers to contact us through the following methods. Your opinions will help us further improve this report and enhance the Group’s overall ESG performance.

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MESSAGE FROM THE MANAGEMENT

It's a great pleasure to share with you our ESG performance in the past year.

The Company is an international corporation based in mainland China and listed in Hong Kong. After 25 years of development, we are steadily moving forward. Originated from an alley in south of the Yangtze River of China, we have now become one of the global top 100 auto parts companies with more than 40 factories and serving customers in nearly 30 countries. Along the way, we have been paying close attention to the development and change of the Chinese society while maximizing shareholders' returns. We have always advocated the concept of "creating value for the society", bearing in mind that we must give back to the society. We also believe that we must shoulder more social responsibilities as we grow stronger.

"Intelligence is actional". During the Reporting Period, we continued to improve our ESG systems with practical actions, leaving more footprints on the road towards a sustainable environment, a united team, and a loving society.

Regarding environmental protection, we uphold the concept of creating a "beautiful and sustainable Minth". Driven by the concept, we strengthened the overall control of Environment, Health, and Safety ("EHS") department and continued to promote energy saving, emissions reduction and low-carbon development so as to minimize our impact on the environment from the source. This year, we began to launch photovoltaic power generation projects, accelerated the adoption of new technologies, new processes, new equipment and new materials, and continued to promote the autonomy and standardization of our environmental management.

As for team building, we have always been pursuing the "right" team and the "right" people. Based on the multi-level talent development and training strategy, we carry out global talent training to meet the needs of business development. We provided employees with opportunities to work globally and give full play to their outstanding talents. We always offer employees material and spiritual support and advocate a balance between work and life so that everyone can feel like home at Minth.

In terms of charity and public service, we continuously contribute to education in poverty-stricken areas in China with the aim of "bringing love together and paying it forward". This year, we launched and supported a number of charitable projects, including the "Hope for Pearl" Project, Children Class Project for the Yi Ethnic Group, the Pearl Polishing Project, and the "Enjoyable Reading" Project for Children. We made donation for 254 students (so called "Pearl" students) in total and funded 50 Yi children to attend school in Liangshan prefecture of Sichuan province.

Now we are in the new era in which opportunities and challenges coexist. We will continue to strengthen ESG work and fulfill our corporate social responsibility more effectively in the future. We will work together with our partners, and make every endeavor to strive for excellence to realize the grand goal of our sustainable development.

Chin Jong Hwa
Chairman
Minth Group Limited



KEY PERFORMANCE DURING THE REPORTING PERIOD

RESPONSIBILITY MANAGEMENT

- 29 material issues, including 7 highly important issues
- 0 corruption lawsuits
- R&D teams with more than 1,000 persons
- R&D expenses of about RMB460 million
- 119 authorized patents, including 46 invention patents, which increased by 35% compared to 2016
- 79 persons rewarded for patents

ENVIRONMENT AND SAFETY

- Photovoltaic power generation was 1,249,400 kWh, as saving 389.83 tons of coal for thermal power generation and reducing carbon dioxide emissions by 1,027.04 tons.
- The comprehensive energy consumption per RMB10,000 of output value was 63.59 kg of standard coal.
- The greenhouse gas emissions per RMB10,000 of output value were 0.29 tons of CO₂eq.
- The water consumption per RMB10,000 of output value was 5.88 tons.
- 0 work-related fatality

EMPLOYEES AND COMMUNITY

- The Group had a total of 16,360 employees in 6 countries.
- The Group funded a total of 48 employees.
- The Group helped 254 students go back to school.
- The Group set up 34 “Pearl Classes” in 20 schools and helped 1,492 dropout students go back to school.

RESPONSIBLE ENTERPRISE WITH INTEGRITY

1. RESPONSIBLE ENTERPRISE WITH INTEGRITY

Key performance during the Reporting Period:

- 29 material issues, including 7 highly important issues
- 0 corruption lawsuits

Since the founding of the Group, we have been adhering to the core values of integrity, establishing a positive corporate image, creating open and transparent business partnerships, and committing to sustainable development of the Group. While developing business, we actively undertake social responsibilities by protecting the environment, caring for the society, and implementing activities related to the environment, society, and governance.

1.1. ESG Governance

Since its inception, the Group has been adhering to the concept of “creating value for the society”, thus it has been actively taking on social responsibilities while meeting the internal needs of its own development. We attach great importance to the sustainable development of the Group and have a deep understanding of the material impact of our environmental, social and governance performance on the Group’s sustainable development. In order to effectively implement the work related to ESG and risk management, we have established a top-down ESG management system. It is a multi-level ESG internal management structure led by the Board of Directors with ESG Executive Committee as the core and ESG Working Team as the main actor. This system defines responsibilities for the management and implementation of ESG related goals. We have dedicated personnel conducting ESG related business communication, data collection, report preparation, etc.



1.2. Stakeholders Engagement

Stakeholders¹ are directly related to the sustainable development of the Group, so they play a very important role in the decision-making process of the Group. We always maintain full communication with stakeholders, which helps us assess the impact of our decision-making, truly understand their concerns, respond promptly to their requirements, and timely adjust our development direction. We identified the following six groups of stakeholders who have decision-making power, influence on, and close relationship with us.



¹ Stakeholders refer to individuals or groups that have material interests in the Group's decisions or activities.

RESPONSIBLE ENTERPRISE WITH INTEGRITY

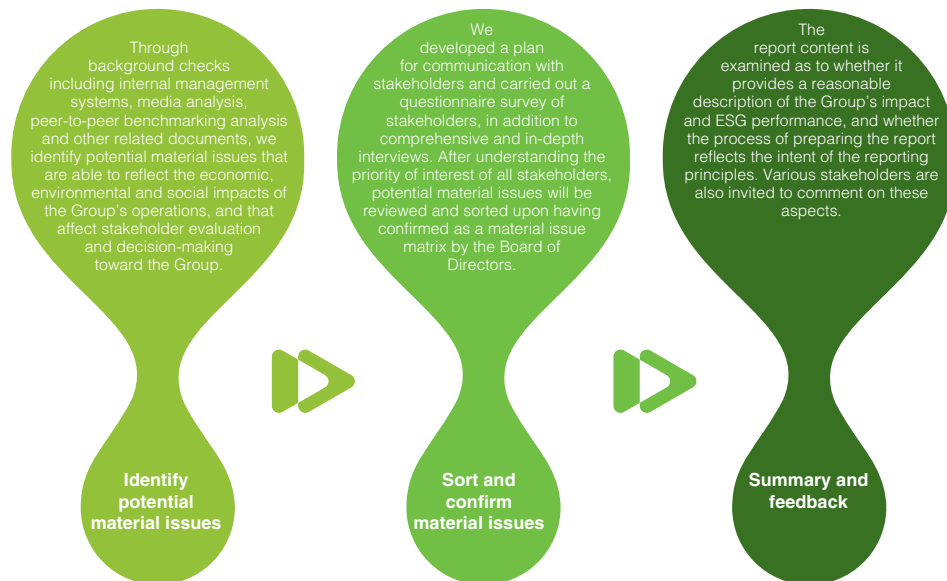
Relevant communication channels are adopted for different stakeholders. To gain an in-depth understanding of the needs of all parties, we collect opinions and requirements from all stakeholders, and then actively respond to the same during the operations so as to achieve the Group's overall sustainable development. The following table lists the concerned issues and the relevant communication methods for different groups of stakeholders during the reporting period.

Stakeholders	Concerned Issues	Channels for Communication/Feedback	Frequency/Times
Shareholders/Investors	<ul style="list-style-type: none"> • Business performance • ESG governance • Legitimation and compliance 	– General meeting of Shareholders	– Scheduled
		– Finance report	– Scheduled
		– Results briefing	– Scheduled/
		– Announcement	Non-scheduled
		– Roadshow	– Non-scheduled
Employees	<ul style="list-style-type: none"> • Compensation and benefits • Career development • Safety and health 	– Employee training	– Scheduled/
		– Employee meeting	Non-scheduled
		– Employee activities	– Scheduled/
		– Employee interview	Non-scheduled
		– Internal journal	– Scheduled/
		– Non-scheduled	
		– Scheduled	
Suppliers	<ul style="list-style-type: none"> • Supply chain management • Product responsibility • Anti-corruption 	– On-site investigation	– Scheduled/
		– Supplier assessment	Non-scheduled
		– Communication on quality	– Scheduled
		– Phone call/written communication	– Non-scheduled
		– Suppliers conference	– Scheduled
Customers	<ul style="list-style-type: none"> • Product responsibility • R&D and innovation • Information confidentiality 	– Customer hotline	– Non-scheduled
		– Customer satisfaction survey	– Scheduled
		– Customer meeting and visiting	– Scheduled/
		– Customer complaint settlement	Non-scheduled
		– E-mail	– Non-scheduled
Communities	<ul style="list-style-type: none"> • Green production • Community investment • Compliance 	– On-site investigation	– Non-scheduled
		– Meeting	– Non-scheduled
		– Charity and public services	– Non-scheduled
		– Co-construction of communities	– Non-scheduled
Media	<ul style="list-style-type: none"> • Community investment • Business performance • Product innovation 	– News release/ Announcement	– Scheduled/
		– Interview	Non-scheduled
		– Results briefing	– Scheduled/
			– Non-scheduled
			– Scheduled

1.3. Materiality Analysis

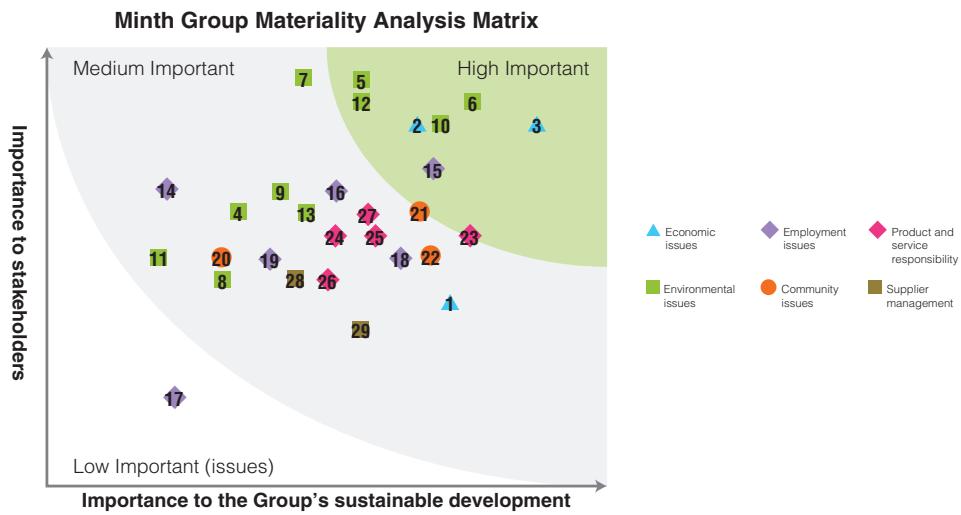
In order to identify the material ESG risks the Group confronts, we conducted a comprehensive assessment of material issues with reference to multiple dimensions including management recommendations, internal and external expert analysis and recommendations, media information analysis, and domestic and foreign industry benchmarking studies. After the initial identification of ESG issues this year, the Group's annual material issues were identified in consideration of multiple perspectives such as the contribution to sustainable development, the general interest of stakeholders, and the degree of compliance with the Group's strategic development needs. In this report, we will make in-depth disclosures on these issues to report the Group's 2017 ESG performance to all parties concerned.

Materiality Assessment Process



During the Reporting Period, we actively sought opinions from stakeholders through various channels such as face-to-face communication, telephone interviews, questionnaire surveys, and field visits. We learned the opinions and expectations of the stakeholders on the Group's environmental, social and governance issues, which served as important reference for our strategy and policy development in the future. During the Reporting Period, the Group carried out a questionnaire survey of its stakeholders and found out their perceived materiality of various ESG issues. Their feedback is reflected in the following matrix of material issues.

RESPONSIBLE ENTERPRISE WITH INTEGRITY



- #### Economic issues
- 1** Business performance and economic achievement
 - 2** Corporate governance
 - 3** Concept of sustainable development

- #### Community issues
- 20** Maintenance of relations with community and local government
 - 21** Compliance with local regulations
 - 22** Participating in charity and public service

- #### Environmental issues
- 4** Energy consumption
 - 5** Water use
 - 6** Pollutant emissions
 - 7** Effect of production activities on soil and groundwater
 - 8** Greenhouse gas emissions
 - 9** Generation and disposal of general solid waste
 - 10** Generation and disposal of hazardous waste
 - 11** Use of packaging materials
 - 12** Energy saving and emission reduction measures
 - 13** Measures to reduce noise during production

- #### Product and service responsibility
- 23** Ensuing quality and safety of product and service
 - 24** Protecting customer privacy
 - 25** Customer satisfaction and complaint handling
 - 26** Product or service quality verification and recall
 - 27** Protection of intellectual property rights

- #### Employment issues
- 14** Compensation and benefits
 - 15** Health and safety
 - 16** Career development and training
 - 17** Diversity of employees and equal opportunities
 - 18** Human rights protection
 - 19** Employee satisfaction

- #### Supplier management
- 28** Supplier diversification and localization
 - 29** Environmental and social risks in supply chains

1.4. Anti-Corruption

The Group strictly prohibits commercial corruption and is committed to establishing honest business partnerships. We consistently strengthen the building of related systems and processes such as those of procurement, and the intensity of internal audit of the Group. We strictly abide by the Anti-Money Laundering Law of the People’s Republic of China, the Law against Unfair Competition of the People’s Republic of China, the Provisional Regulations on the Prohibition of Commercial Bribery, and other laws and regulations. Pursuant to above-mentioned laws and regulations, we formulated the Supplier Integrity Reward and Punishment Regulation to define violations and rewards and punishments. In order to avoid corruption and protect the legitimate rights and interests of both parties, the Group signed the Supplier Integrity Agreement with suppliers to establish a long-term, healthy and win-win cooperative relationship. During the Reporting Period, the Group stepped up commercial anti-corruption efforts, ensuring that the reporting channels were unblocked, and continued to improve its handling procedures. Various forms of anti-corruption education were carried out for employees, such as internal preach and lectures by external lawyers.

Reporting Channels



We also set up a WeChat anti-corruption platform, where one can directly leave a message to report and we make public the organizations and individuals that have been punished due to violations of the business integrity policy.

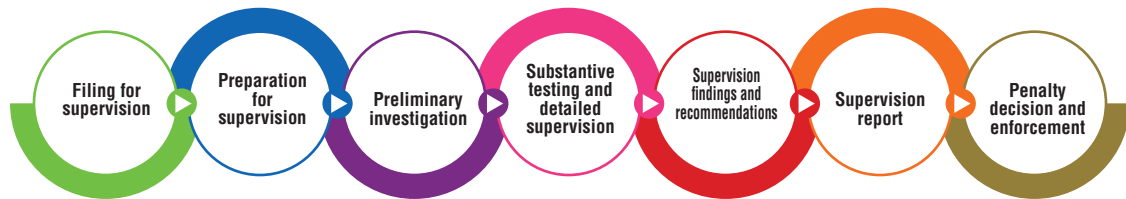
Report Process Flow



The Group’s and its regional audit and supervision departments are responsible for investigating violations of laws, regulations, frauds and major dereliction of duty, ensuring the independence and objectivity of the investigation of reports, and working in accordance with the principles of confidentiality, objectivity, and swiftness.

RESPONSIBLE ENTERPRISE WITH INTEGRITY

Corruption Incident Handling Process and Methods of Supervision



The penalty decision on internal employees of the Group will be proposed by the Audit and Supervision Department within 15 working days after the closing of the case. After approval, a penalty proposal will be issued and submitted to the Human Resources Department for enforcement in accordance with the Reward and Penalty Management Procedures of the Group.

Anti-Corruption Promotion and Education

Raising employees' awareness of anti-corruption and creating an honest and clean corporate atmosphere are essential to implementation of anti-corruption. We have strengthened the culture of honest administration through various methods such as internal employee training, declaration on conflict of interest, and promotion of anti-corruption culture, etc. We are a member of the China Enterprise Anti-fraud Alliance.

The Group's Actions on Anti-Corruption Promotion and Education

1. Including the course of Internal Control and Auditing into new employee training;
2. Employee declaration of conflicts of interest in three ways: annual declaration on conflicts of interest, new employee declaration, and non-scheduled declaration;
3. Requiring employees to sign the Commitment of Integrity and Self-discipline to commit to rejecting commercial bribery, never infringing or abusing the Group's property, and strictly keeping business secrets;
4. Releasing anti-corruption articles on the corporate WeChat platform;
5. Promoting the anti-corruption culture in all factories/regions



Through a series of anti-corruption measures, we have successfully created an open and transparent corporate atmosphere. During the Reporting Period, the Group was not involved in any corruption lawsuits.

2. STRIVE FOR PERFECTION AND EMBRACE CHANGE

Key performance during the Reporting Period:

- R&D teams with more than 1,000 persons
- R&D expenses of about RMB460 million
- 119 authorized patents, including 46 invention patents, which increased by 35% compared to 2016
- 79 persons rewarded for patents

The automotive industry is undergoing major changes: the combination of trends for internet-connected vehicles, car sharing, autonomous driving, new energy vehicles, and body weight reduction will continue to trigger changes in the automotive parts industry. The Group has actively responded to the changes in all aspects such as strategic cooperation in R&D, stringent control of supply chain and lean operations. We have always instilled craftsmanship in quality control into the entire life cycle of our products. During the Reporting Period, our development model changed from continuous expansion to optimized lean operations. We gradually established competitive products and benchmark production models in all regions where we operate. In addition to the efforts in product quality and lean production, we also transformed our traditional factories with more intelligent application. In this respect, we became an outstanding supplier to many well-known OEM customers and strengthened their images. At the same time, we actively explored ways of development by launching programs for information application in quality management and special quality monitoring programs for products, striving to establish the Group as the benchmark of globalization among Chinese companies.

2.1. Innovative R&D

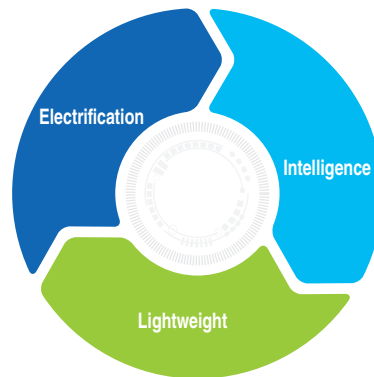
As a criterion for product development, the Group seeks extension by “traditional products + existing processes” combined with industry trends to gain in-depth understanding of customers’ needs. Traditional products are the cornerstone of the Group’s development. Traditional products are modularized and technologically and functionally innovated with advanced manufacturing models and processes to maintain their competitiveness. At the same time, we persist in equipping ourselves with the most comprehensive surface treatment techniques in the world. Consolidating our core resources, we have established the Innovation Research Center with the commitment to further innovation of existing products and development of new products that meet the needs of market development, laying a solid foundation for the Group’s sustainable development.

STRIVE FOR PERFECTION AND EMBRACE CHANGE

R&D Strategy

The Group has a strong R&D system. In addition to state-level laboratories, we have established the Innovation Research Center dedicated to product innovation and technical innovation. During the Reporting Period, we established five R&D laboratories for welding, materials, mechanics, polishing and milling. Depending on visionary technology and leading scale, we developed new products in the direction of intelligence, lightweight, and electrification. Committed to continuous improvement, we continued to pursue development together with the OEMs and establish ourselves as one of the innovative and leading companies in the global automotive exterior industry. As of 31 December 2017, there were more than 1,000 persons in the R&D team of the Group, and total R&D expenses were approximately RMB460 million during the Reporting Period.

During the Reporting Period, we continued to expand our aluminum product business while actively promoting the layout in the area of new energy vehicles in light of the development trend of electrification. We secured the aluminum battery pack business for the EV models of certain OEM customers and the business for grilles with open-and-close mechanism of EVs for the first time.



We are committed to strengthening the integration of automobile industry and intelligent technologies, so that automobiles become more intelligent and convenient. During the Reporting Period, the Group made proactive planning in the areas of adaptive cruise control (ACC) emblems, anti-pinch strips, etc. It developed new ACC emblems and achieved breakthroughs in automotive intelligence.

We keep building our technical reserves in the directions of changes in body structure, optimization of lightweight structure, application of lightweight materials, advanced technologies and manufacturing technologies, and maintaining our leading position in key technologies through comprehensive layout. During the Reporting Period, based on and supported by the production layout and technical capabilities of existing aluminum products, we developed new products such as battery packs and aluminum door frames to enrich our lightweight product offerings.

Intellectual Property Rights (IPR) Protection

The R&D Center of the Group has appointed dedicated personnel for patent management, all qualified as national patent agents, who are responsible for the planning and implementation of the Group's annual and long-term patent strategies. We have formulated a set of patent management systems such as the Measures for the Management of IPR, the Measures for the Management of Corporate Patents, and Guidelines for the Management of Patent Applications. These systems cover the entire life cycle of a patent including pre-application evaluation, defense management during the application, and post-application indemnification, patent maintenance and abandonment, patent licensing and transfer, patent protection, patent information management and utilization, etc.

In patent application, we focus on the cultivation of high-value patents. Our core IPR protection system covers many dimensions such as materials, products, processes and equipment.

Winning the Title of "Demonstration Base for Business Secrets"

During the Reporting Period, Ningbo Minth Automotive Parts Research and Development Co., Ltd., a subsidiary of the Company, was selected as a state-level enterprise with outstanding IPR and became a demonstration base for business secrets in Ningbo thanks to its continuously optimized IPR management and improved business secret management and protection.

STRIVE FOR PERFECTION AND EMBRACE CHANGE

The Group filed for 213 patent applications during the Reporting Period, including 91 for invention; 119 patents were authorized, including 46 invention patents, which increased by 35% from 2016. A total of 79 people were rewarded for patents with a total amount of RMB714,100.

Promoting Industry Development

During the Reporting Period, the Group actively communicated with industry associations to obtain the latest development trend in a timely manner and learn advanced technologies. While developing itself, the Group shared its experience with peers to fulfill its responsibility as an auto parts company. The Group holds the position as the Vice Chairman of Ningbo Information Technology Promotion Association, Beilun District High-tech Association, and Beilun District IPR Association, respectively and also a director of Ningbo Intelligent Manufacturing Association, Ningbo Auto Parts Industry Association and other industry associations.

In addition, during the Reporting Period we started to cooperate with the Automotive Branch of China Association for Standardization and the Ningbo Institute of Intelligent Manufacturing Technology Industry Research Institute to promote the industry development and demonstrate the corporate image of the Group. We hope to join hands with all sectors of the industry to create a better environment for development and platform for communication.

2.2. Product Responsibility

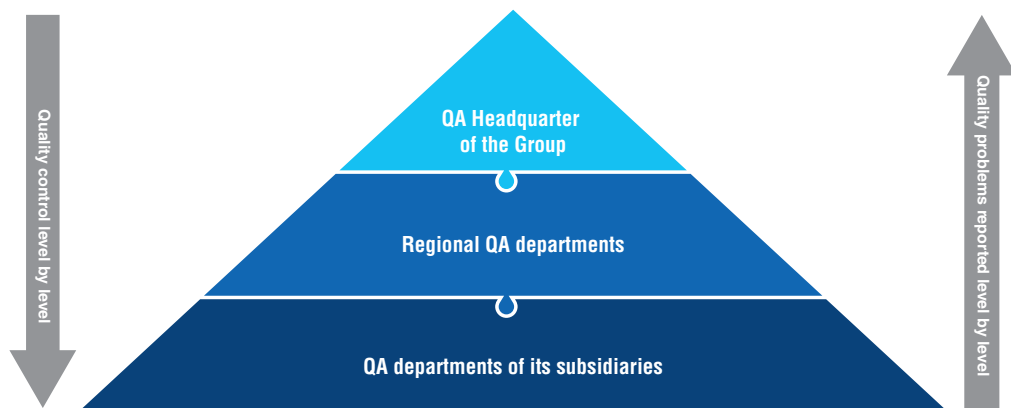
Product quality is an indispensable factor for us to win the recognition of customers. We are committed to consistently improving product quality and increasing production efficiency. The Group has launched programs for information application in quality management and special quality monitoring programs for products to monitor the product performance at the group level on a monthly basis. Through unremitting efforts to improve product quality, we received many related awards from our customers during the Reporting Period.



STRIVE FOR PERFECTION AND EMBRACE CHANGE

Quality Control Process

The Group established a quality management system based on the requirements of the IATF16949 quality management systems (QMS) for automotive industry, which includes group-level quality management guidelines, quality manuals, and documents on quality management procedures independently developed by and applicable to its subsidiaries respectively. In order to strictly control the quality of our products, we adopt a three-tier structure: 1) the Group headquarters' Quality Assurance (QA) Department as the core, 2) supplemented by its Regional QA Departments, and 3) QA departments of each subsidiary ensuring their own product quality. Within the structure, product quality is controlled level by level during routine management and operations; and when any quality problem arises, a report is made and submitted level by level.



During the Reporting Period, 12 subsidiaries of the Group obtained the IATF16949 QMS certification for automotive industry. The rest of the production plants were in the transition from the old version of the TS16949 QMS for automotive industry to the new one. Subsidiaries that have not transitioned to the new version of certification will fully complete the transition in 2018 as scheduled.

During the Reporting Period, the Group headquarters arranged an annual system audit covering the entire group. Each subsidiary carried out system, process and product audits as planned. At the same time, according to the planning of its respective development stage, each subsidiary regularly carried out activities such as feeding inspection, process sampling inspection, shipment inspection and GP12² inspection to ensure product quality and safety.

Regarding product recall, the Group handles product recovery and return and information feedback in accordance with the *Service Management Procedures*, and tracks, limits, reviews and disposes of defective products in accordance with the *Procedures for the Disposal Management of Defective Products*. At the same time, we implement a quality improvement program that quantifies indicators and issues incentives to improve product quality and reduce losses.

During the Reporting Period, there was no product recall for the Group.

² GP12 is the last procedure of product inspection before storage or shipment for auto parts suppliers of General Motors.

STRIVE FOR PERFECTION AND EMBRACE CHANGE

Lean Operations

The Group further strengthened its lean production. With “Industry 4.0” and “China Manufacturing 2025” as blueprints, its lean production was upgraded to lean operations and a lean culture was rolled out throughout the Group. During the Reporting Period, the Group increased its investment in automated production lines, flexible production lines, intelligent logistics, and information management systems to speed up the practice of “Intelligent Manufacturing in China”. It also effectively enhanced the integration of management, processes, and standards in its global production bases, laying the foundation for transforming some production bases into lights-out factories.

In the course of lean operations, we pay much attention to raising employees’ awareness of product quality and lean operations. “Doing things right at one time” is our quality policy, and also one core element that runs through our entire R&D and production. Based on this quality policy, the Group launched a quality personnel training program to cultivate more quality professionals and continuously improve the culture of quality improvement. As of the end of 2017, two terms of potential quality talent development program were carried out according to the Quality Talent Development Program. Each subsidiary of the Group piloted various quality improvement activities such as “quality firewall”, “quality alert light”, “zero quality defects”, etc. to improve the awareness of quality and lean operations of all employees and strengthen the quality-first management philosophy. At the same time, the Group also continuously enhanced product quality through the conduct of such activities as Six Sigma³ and QCC (Quality Control Circle).

Among activities to improve the awareness of quality and lean operations during the Reporting Period:

- A total of more than RMB30 million was invested in improving lean operations;
- 12 Six Sigma Black Belts and 15 Six Sigma Green Belts were cultivated;
- More than 100 QCC groups participated in related activities for improvement.

QCC and Six Sigma Project Release Contest during the Reporting Period

The contest was organized by the headquarters of the Group. The participants were selected from various regions, including 17 QCC groups from East China Region I, East China Region II, Central China Region, South China Region, North China Region, Chongqing Region and R&D Center and so on, and three Six Sigma project teams from East China Region I and R&D center. The projects in the contest focused on improvement on all fronts. Contestants continuously improved the quality of the corresponding product from six aspects: man, machine, material, method, environment and measurement, which further promoted total quality control and turned out with a very good effect on creating a sound atmosphere and culture for quality improvement, inspiring its subsidiaries to carry out more projects for improvement in the future.



³ Six Sigma is a set of techniques and tools that improves an enterprise’s in-process quality management. In the pursuit of “zero defects” commercially, it drastically reduces the cost of quality and eventually improves the enterprise’s financial effectiveness and competitiveness.

STRIVE FOR PERFECTION AND EMBRACE CHANGE

2.3. Win-Win Cooperation

Supplier Cooperation

We regard suppliers as partners for mutual development and are committed to maintaining long-term and close partnership with them. The Group has always believed that the quality of suppliers is closely related to us. In order to ensure the quality of products and services, we have established and continuously improved supplier evaluation and management mechanisms, and formulated a series of rules and regulations such as the *General Rules for Procurement*, *Guidelines on Evaluation Management of New Suppliers Introduction*, *Supplier Classification Management*, and *Supplier Performance Management*. We strictly select suppliers and regularly evaluate their performance.

Sustainable Supply

In terms of sustainable development, we often communicate with suppliers on topics related to environmental protection and social responsibility, learn from each other, and improve together. In order to ensure the legality and compliance of the products and services they provide, and to improve the sustainable development of all aspects of the supply chain, we have made requirements to major suppliers from environmental, social, and governance aspects and ensured their strict compliance through inspections.

We encourage suppliers to maintain high standards of business ethics and behavior and satisfactory environmental and social performance. When selecting and evaluating suppliers, we take into consideration factors such as quality system, environmental system, and social responsibility management. We also express concern about whether raw material suppliers will be impacted by environmental protection issues. When reviewing suppliers we pay more attention to suppliers' input in environmental protection and compliance, and actively develop suppliers with better environmental performance.

Customer Cooperation

To respond to the ever-growing demand for concurrent design of its global customers, the Group continuously integrates global design resources and advanced technologies in China and abroad to enter the concurrent design systems of high-end customers globally. At the same time, it enhances communication and exchange with customers' R&D institutions to improve its new product R&D capabilities. It has gradually improved management efficiency in terms of customer response, problem handling, and audit and monitoring to meet customers' requirements.

Customer Communication

We attach great importance to the communication with customers. We actively seek feedback from customers through multiple channels such as customer portal system, telephone, email, and face-to-face communication. We also regularly participate in monthly meetings held by customers, supplier conferences, and new project meetings and other events. For important customers, the Group's headquarters and subsidiaries arrange regular and active visits to them, and invite customers from time to time to come to the Group for communication, visit and exchange.

Satisfaction Survey

In terms of satisfaction surveys, we monitor customer satisfaction indicators on a monthly basis, manage customer complaints on a weekly basis, and obtain information on customer satisfaction from the portal website of each customer. Meanwhile, factories and regions actively send customer satisfaction questionnaires to customers for feedback.

Customer Complaints Processing

If there is any customer complaint, the Group will perform stratified statistics and monitoring from multiple dimensions such as customer, project, product, defect category, cause of occurrence, process where it occurs and nature of event and handle the same in accordance with the Group's procedures such as *Guidelines for Customer Complaint Management*, *Procedures for Management of Problem Solving and Improving and Handling of Escalated Matters for Problem Solving* so as to timely resolve customer requirements.

During the Reporting Period, we received a total of 493 customer complaints, of which 3 were service related and 490 were product quality related. These complaints had been properly resolved during the Reporting Period.

Customer Privacy Protection

In addition, we are very concerned about the confidentiality of customers. We have defined and put under confidentiality management the technical documents and other information delivered by customers in accordance with the Group's *Guidelines for the Management of Confidential Documents*. We use permission settings of IT systems to manage the confidential documents of customers, which protects customer data and privacy from leakage and improves information security.

Cooperation with Universities

Ningbo Minth Automotive Parts Research and Development Co., Ltd., a subsidiary of the Company, cooperated with Shanghai Jiaotong University on the research project titled "Research on stamping process for extruded aluminum profile as quarter window trims".

- Research was conducted on springback caused by aluminium alloy forming process, simulation specifications of stamping process for extruded aluminum profile as quarter window trims, evaluation of stamping quality, and spring back compensation solutions. The aluminum alloy material depot for the project was established, which provided theoretical support for technical improvement.

Ningbo Shintai Machines Co., Ltd., a subsidiary of the Company, cooperated with Shanghai Jiaotong University on "Research on Quality Improvement of Flanging Parts".

- In order to improve the quality of flanges and understand the root causes for defects, we conducted technical cooperation with Shanghai Jiaotong University. The university's academic resources provided theoretical support for our technical improvement.

3. BEAUTIFUL MINTH: ENVIRONMENTAL PROTECTION

Key Performance during the Reporting Period:

- Photovoltaic power generation was 1,249,400 kWh, as saving 389.83 tons of coal for thermal power generation and reducing carbon dioxide emissions by 1,027.04 tons.
- The overall energy consumption per RMB10,000 of output value was 63.59 kg of standard coal.
- The greenhouse gas emissions per RMB10,000 of output value were 0.29 tons of CO₂eq.
- The water consumption per RMB10,000 of output value was 5.88 tons.

We have never stopped our efforts in building an environment-friendly society. Green, harmonious and beautiful ecological environment is what we have been pursuing. During the Reporting Period, the Group continued to be committed to environmental protection. To build a “Beautiful Minth” and achieve long-term sustainability, the Group continued to proceed with energy conservation and emission reduction by formulating strict environmental treatment standards to minimize environmental impacts from the sources of pollutants, which ensures that all pollutants are processed and discharged according to high standards. Meanwhile, each factory was encouraged to apply updated techniques and processes, new equipment and alternative materials. In the meantime, we worked to create a green office environment that can not only make employees feel pleasant physically and mentally, relieve their work fatigue, but also cultivate their awareness of environmental protection in a subtle manner.

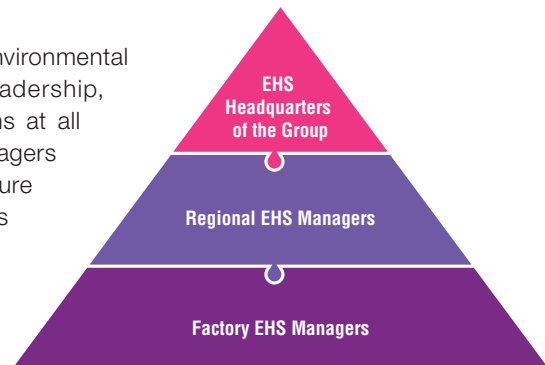
3.1. Environmental Management

Environmental Policy

The Group strictly abides by the environmental protection laws, regulations and standards in countries, regions, and industries where it operates such as the *Environmental Protection Law of the People’s Republic of China*, the *Energy Conservation Law of the People’s Republic of China*, and the *Emission Standard of Pollutants for Electroplating*. Pursuant to GB/T24001-2016 *Environmental Management Systems – Requirements with Guidance for Use*, it produced the *Environmental Management Manual*, which clearly defines the Group’s environmental management system, organizational structure, guidelines, and management objectives, and clarifies the roles, responsibilities and authorities of management, implementation, and supervision personnel in environmental management activities so as to consistently improve and enhance the Group’s environmental protection work.

Environmental Management Framework

CEO of the Group takes the lead role in its environmental management. The CEO fully exerts his leadership, conducts management and control through teams at all levels of the Group’s EHS Department, EHS managers from the regions and facilities, so as to ensure compliance during operation and spare no efforts in environmental protection.



3.2. Green Operations

The Group adheres to the principle of sustainable development by continuously strengthening the protection of the environment as we are committed to building a low-carbon society. During the Reporting Period, we continued to promote energy-saving equipment and process optimization by gradually reducing energy and resource consumption and carbon footprint. We also strengthened pollutant control to reduce pollutant emissions. In the meantime, we actively promoted the certification of the ISO 14001 environmental management systems and continued to improve our measures for environmental management.

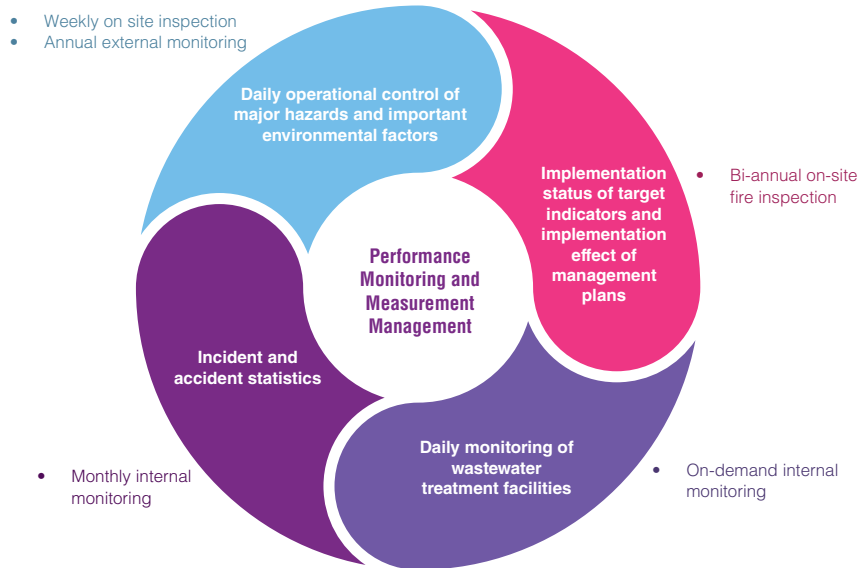
Emission Management

The Group is concerned about the emission of waste gases, waste water and other pollutants generated during the operations. It actively adopts various measures for treatment and greener processes to minimize the impact of pollutant discharge to the natural environment and ensure environmental compliance. We have formulated a series of standards for internal pollutant control such as *Three Wastes Treatment Standardization – Electroplating Wastewater*, *Three Wastes Treatment Manual – Coating Wastewater Treatment*, and *Standardization of Polishing Dust Treatment* to strengthen the internal control of pollutants.

For waste gas and particulate matter generated during the operations, we installed advanced facilities for emission treatment, such as water spray de-dusting towers, regenerative thermal oxidizers (RTO), and thermal recuperative oxidizers (TNV), etc., which effectively control waste gas emissions and ensure the compliant discharge of pollutants.

For the wastewater and domestic sewage generated during the operations, we adopt an advanced wastewater treatment system based on electrochemical technology, so that the indicators of hazardous substances contained in the treated wastewater are much lower than the national emission standards. We also set up a water treatment laboratory for real-time monitoring of relevant indicators in wastewater and timely analysis of abnormal conditions. Wastewater that has not reached the discharge standard after treatment will be treated again by refluxing to ensure the compliant discharge of water pollutants.

BEAUTIFUL MINTH: ENVIRONMENTAL PROTECTION



During the Reporting Period, we carried out process upgrades to control emissions from the source. In order to respond to increasingly stringent environmental protection requirements and regulations, we actively revamped and upgraded the production process to control pollutants from the source, in addition to strengthening environmental management and control in post-production treatment. We conducted two process upgrades during the Reporting Period as follows.

- Anodizing process: Chromium-contained electrolytic polishing bath was initially replaced by the chromium-free to achieve zero emission of chromium.
- Chrome plating process: Traditional hexavalent chromium was replaced by environment-friendly trivalent chromium, and products were coarsened with a chromium-free solution, thereby starting to realize zero emission of chromium.

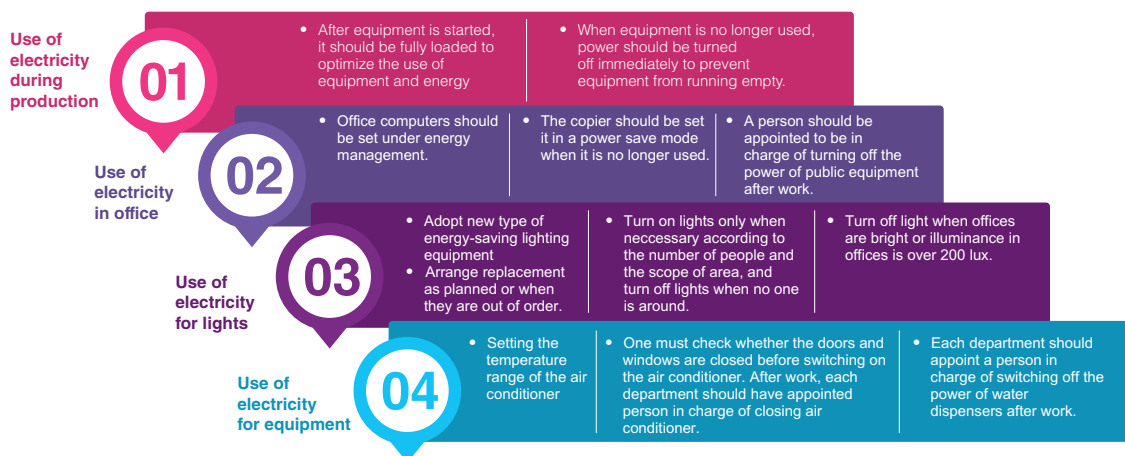
BEAUTIFUL MINTH: ENVIRONMENTAL PROTECTION

Pollutant emissions by East China Region I⁴ of the Group during the Reporting Period are shown in the table as below. In the future, we will gradually expand the collection scope of pollutant discharge data.

Pollutant Emissions		
Category	Emissions	Unit
NOx	4,824	kg
SO ₂	160	kg
Industrial wastewater	916,968	ton
Chemical oxygen demand	109	ton
NH ₃ -N	22	ton

Energy Management

Based on the subsidiaries' respective energy structure and requirements of relevant local laws, regulations and standards, the Group has formulated the *Guidelines for Energy Management* to strictly control all types of energy including electricity, natural gas, gasoline and diesel, strengthen energy conservation assessment, promote energy conservation and avoid unnecessary waste of energy. We are fully aware that electricity consumption accounts for a large proportion of our energy consumption, and the greenhouse gas produced by it is also an important factor of climate change. Therefore, we have stricter management of electricity consumption to avoid unnecessary electricity use. Our Equipment Departments are responsible for checking, supervising and recording the use of electricity to identify violations in a timely manner. We implemented energy-saving and gas-saving projects including upgrading of capacitor boxes, change to solar street lamps, servo-driven energy-saving transformation of large-stroke hydraulic presses, and energy-saving adjustment of exhaust gas for combustion engines. We also actively explored the use of renewable energy and reduced the use of traditional energy sources to reduce carbon emissions as our active response to global warming.



⁴ East China Region I of the Group covers Jiaxing Minhui Automotive Parts Co., Ltd., Jiaxing Minth Machines Co., Ltd., Jiaxing Dura Minth Automotive Parts Co., Ltd., Jiaxing EL Triumph Automotive Parts Co., Ltd., Jiaxing Minrui Automotive Parts Co., Ltd., and Jiaxing Guowei Automobile Parts Co., Ltd.

BEAUTIFUL MINTH: ENVIRONMENTAL PROTECTION

Distributed Photovoltaic Power Generation Project

During the Reporting Period, in order to promote the development of a low-carbon society and adapt to local conditions, the Group took full advantage of the structure of the roof surface of the plant area in East China Region I of the Group and launched a distributed photovoltaic power generation project. After the completion of the project, it provided a total of 1,249,400 kWh of electricity during the Reporting Period, as saving 389.83 tons of coal used in thermal power generation and reducing the emissions of carbon dioxide, sulfur dioxide, nitrogen oxides and soot by 1,027.04 tons, 3.31 tons, 2.88 tons and 0.1 tons respectively. The project has greatly promoted the effectiveness and enthusiasm of the Group in working for energy saving and emission reduction. In the future, we will continue to increase the proportion of photovoltaic power generation in order to continuously advance toward the goal of sustainable development.

We actively respond to the national guidelines for energy conservation, consumption reduction and environmental protection. We integrate the concept of sustainable development into all stages of R&D and production and achieve energy conservation and emission reduction through equipment development and process improvement. We use more flexible equipment that is more versatile, reduce the idle time of equipment, and improve equipment utilization to save energy. We also consistently carry out energy-saving transformation and upgrading of equipment and process to increase energy efficiency while saving energy and reducing consumption. During the Reporting Period, we launched the “Intranet KPI Control Activity for Energy Saving and Consumption Reduction Management System” in which each region where we operate set an online energy saving project plan and updated implementation status on a monthly basis. Through this initiative, not only our work on energy conservation was delivered effectively, but each subsidiary’s awareness of energy conservation was also promoted.

Energy-Saving Renovation Project for Servo Bending Machine

Servo bending machine is a processing machine whose operation consumes a large amount of energy. During the Reporting Period, we carried out energy-saving transformation of four bending machines. We purchased and installed four sets of asynchronous servo energy-saving system to the benders which made the key motions of original hydraulic drive control servo-driven. The good performance of the servo motor was used to improve the positioning accuracy and speed accuracy of key motions, and the new microcomputer control system was combined to realize interpolation control of special motions. After the energy-saving transformation of the four bending machines, the overall energy consumption was reduced by 36.64%, indicating a significant energy-saving effect.

The energy consumption and greenhouse gas emissions of East China Region I of the Group during the Reporting Period are shown in the following table. In the future, we will gradually expand the collection scope of energy consumption and greenhouse gas emissions data.

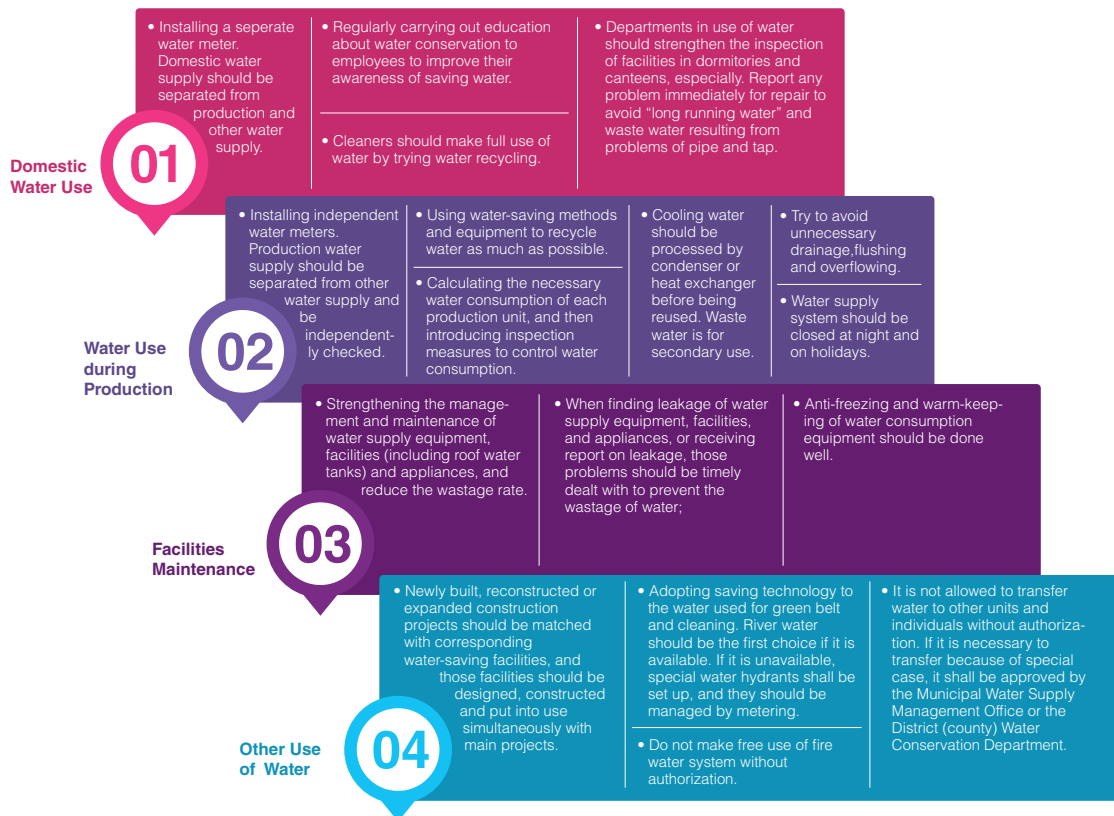
Energy consumption ⁵		
Category	Consumption volume	Unit
Direct energy consumption	5,428	Tons of standard coal
Indirect energy consumption	13,281	Tons of standard coal
Overall energy consumption	18,709	Tons of standard coal
Overall energy consumption per RMB10,000 of output value	63.59	kg of standard coal/RMB10,000

⁵ In energy consumption, direct energy consumption includes natural gas, diesel and gasoline consumption; indirect energy consumption refers to electricity consumption (purchased electricity).

Greenhouse Gas Emissions		
Category	Consumption	Unit
Scope 1 greenhouse gas emissions	9,008	Tons of CO ₂ eq
Scope 2 greenhouse gas emissions	76,024	Tons of CO ₂ eq
Total greenhouse gas emissions	85,032	Tons of CO ₂ eq
Greenhouse gas emissions per RMB10,000 of output value	0.29	Tons of CO ₂ eq/RMB10,000

Water Resources Management

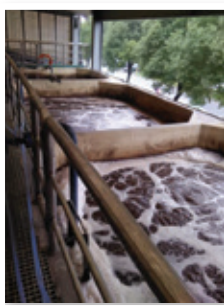
Based on requirements of relevant local laws, regulations and standards, the Group formulated the *Guidelines for Water Management* for respective subsidiaries to regulate water conservation practices, so that water resources are used scientifically and rationally, and that water use efficiency is improved. We also established a planned water use system. We actively adopt advanced technologies for water conservation, select water-saving equipment and appliances, and install water-saving and spill-prevention devices to reduce water consumption and improve water reuse. During the Reporting Period, the Group implemented water conservation projects such as three-level water supply control for coating and underground fire protection pipe conversion in plant areas to further enhance water conservation.



BEAUTIFUL MINTH: ENVIRONMENTAL PROTECTION

MBR (Membrane Bio-Reactor) Reclaimed Water Reuse Project

The Group continued to promote the MBR reclaimed water reuse project. The MBR is a new type of water treatment process combining activated sludge process and membrane separation technology. The sewage treated with the MBR process can be reused as reclaimed water. After biochemical treatment, our production wastewater enters the MBR reclaimed water reuse system, where through sand filtration, carbon filtration, and ultrafiltration it is made into tap water. The tap water then enters the pure water system for reuse, which improves the utilization of water resources.

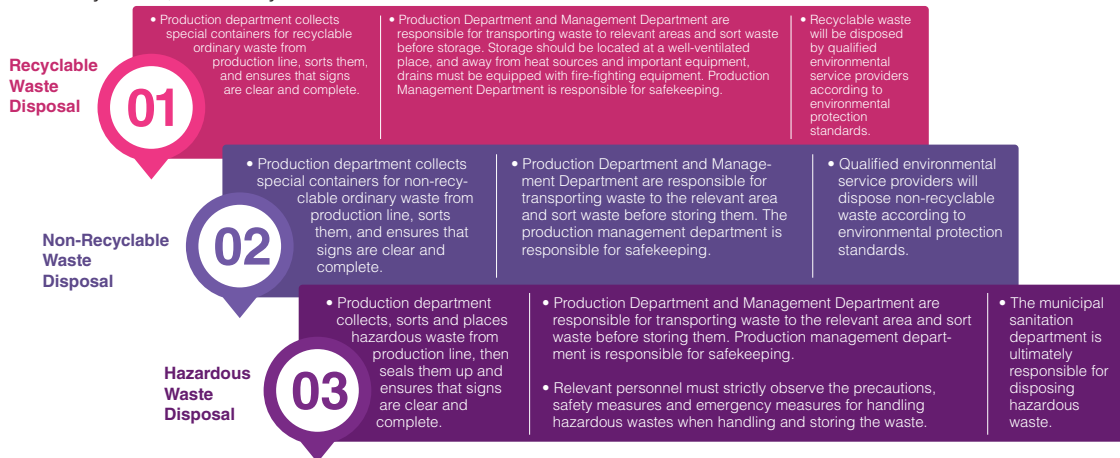


The water consumption status of East China Region I of the Group during the Reporting Period is shown in the table below. In the future, we will gradually expand the collection scope of water use data:

Water consumption		
Category	Consumption	Unit
Fresh water consumption ⁶	1,729,450	tons
Water consumption per RMB10,000 of output value	5.88	tons/RMB10,000

Solid Waste Management

Based on subsidiaries' production process and requirements of relevant local laws, regulations and standards, the Group formulated the *Guidelines for Waste Resources Management* to more effectively control the waste and minimize the waste pollution of the environment. We classify waste into recyclable, non-recyclable and hazardous waste.



⁶ New water comes from the municipal pipe network and natural water bodies.

BEAUTIFUL MINTH: ENVIRONMENTAL PROTECTION

The waste treatment results by East China Region I of the Group during the Reporting Period are shown in the table below. In the future, we will gradually expand the collection scope of data.

Waste Disposal		
Category	Volume of disposal	Unit
Hazardous waste	9,945	Tons
Volume of hazardous waste produced per RMB10,000 of output value	33.80	kg/RMB10,000
Harmless solid waste	3,284	Tons
Volume of harmless solid waste produced per RMB10,000 of output value	11.16	kg/RMB10,000

Packaging Materials

In terms of packaging material management, the Group has been striving to standardize the management of packaging materials. While meeting production requirements, it strictly controls the use of packaging materials and avoids unnecessary waste. The consumption of packaging materials by East China Region I of the Group is shown in the following table. In the future, we will gradually expand the collection scope of packaging data.

Packaging Material Consumption		
Category	Consumption	Unit
Packaging material consumption	3,047	Tons
Packaging material consumption per RMB10,000 of output value	10.35	kg/RMB10,000

Noise Control

In addition, the Group places great emphasis on the impact of equipment noise which may have affected the surrounding environment and residents. Noise reduction measures have been taken for some major noise sources to effectively control the impact of noise. We regularly test noise in plant areas to ensure that the noise complies with relevant regulations and does not adversely affect the surrounding environment and residents.

Our noise reduction measures are:

- to place fans in sound-insulating rooms with sound-absorbing cotton in the walls to reduce noise diffusion;
- to equip machines in the workshop with protective covers with sound-absorbing cotton attached inside to reduce the negative impact of noise on people.

BEAUTIFUL MINTH: ENVIRONMENTAL PROTECTION

3.3. Environment-Friendly Culture

The Group is committed to creating a green working environment that is close to nature. It effectively integrates the plant area and the natural environment through large-scale greening and ecological park, so that employees can easily step into a green oxygen bar during break time. We hope that the green office environment can subtly enhance employees' awareness of environmental protection, and we believe that a quality work environment improves work efficiency.



In addition, the Group strives to create an environment-friendly culture. It maintains and continuously enhances employees' environmental awareness through various types of environment-friendly activities, and encourages employees to turn environmental awareness into actions.

BEAUTIFUL MINTH: ENVIRONMENTAL PROTECTION

Environmental Activities of Minth Mexico



Minth Mexico organized ISO 14001 environmental management systems training for all employees during the Reporting Period, so that they get a deeper understanding of major environmental impacts.



The requirements of the ISO 14001 environmental management systems were identified in all workplaces to remind employees to pay attention to environmental impacts.



During the Reporting Period, employees of Minth Mexico and their families participated in the “Tree Planting Day” event. Every child of the Minth family was given a sapling for planting in the hope to awaken more people’s awareness of environmental protection and give the children a green future.



During the Reporting Period, Minth Mexico organized a recycling contest to encourage employees to reuse recycled materials. Employees were very enthusiastic to participate. More than 50 entries made by recyclable materials were received in the contest.

SAFETY FIRST: FOCUS ON HEALTH

4. SAFETY FIRST: FOCUS ON HEALTH

Key performance during the Reporting Period:

- 0 work-related fatality

The Group persists in promoting the autonomy of safety management, standardizing the worksites, and strengthening the identification and control of hazards, so as to nip the hazards in the bud and enhance its overall safety management. In addition, we regularly organize employees to take annual physical examinations, arrange occupational health lectures and health diagnosis services for employees, and use real-time monitoring and continuous awareness-raising to ensure the safety and health of employees during production.

4.1. Health and Safety Management

The Group has always attached great importance to enabling employees to work in a healthy and safe manner. It strictly abides by local laws, regulations and standards concerning occupational health and safety such as the *Production Safety Law of the People's Republic of China* and the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*. It continuously promotes the OHSAS 18001 Occupational Health and Safety Management System according to GB/T28001-2011 *Occupational Health and Safety Management Systems – Requirements*, combined with the actual operations of the Group. The *Manual for Occupational Health and Safety/Environment Management* was drafted to clarify the organizational structure, policies and objectives for the management of occupational health and safety, as well as the role, responsibility and authority of each position. In the implementation, we fully identified the health and safety risks that existed in our work, carried out effective protective measures according to the degree of risk assessment, and continued to assess the effectiveness of the measures taken. At the same time, we set up the safety committee to organize monthly health and safety inspections, and to collaborate with various departments in working out and implementing rectification measures for safety hazards.

4.2. Production Safety

According to the requirements of the Group's EHS management policy, each subsidiary has set production safety targets based on specific circumstances. In order to achieve the target, the Group's headquarters and subsidiaries take various measures such as risk identification and assessment, emergency plan formulation and drills, popularization of theoretical knowledge by training and other methods, practical operations, etc. We have invested a lot of resources in this regard to ensure that the Group runs safely and steadily.

Safety Targets

- Recordable industrial incident rate within control
- No fire accident
- No environmental pollution accident
- No occupational disease incident
- No accident causing major property damage

Measures Taken

- Management and control of high-risk sites
- Inspections by EHS personnel before new processes, new facilities, and new equipment are put into use (or trial production)
- Evaluation of status of occupational hazards
- Safety evaluation
- Safety training for employees
- Various safety activities
- Emergency plans and drills
- Provides necessary safety protection according to the environmental conditions in different seasons, such as heatstroke prevention in summer and anti-freezing in winter

During the Reporting Period, there was no work-related fatality occurred within the Group except there were 42 industrial accidents, 5 of which though were not due to work-related reasons. 2,630 working hours were lost due to work-related accidents. We strictly followed the accident handling process, carefully analyzed the root cause of each accident, formulated effective corrective and preventive measures and followed them through. In addition, we carried out safety education for all employees. We also continued to strengthen safety management and supervision, doing our utmost to prevent the occurrence of safety and health accidents.

Improving Emergency Management

There are different types of potential safety and health risks in our operations, such as chemical leakage, fire risk, etc. To enable employees to maintain a high degree of safety awareness and strengthen their ability to prepare for and respond to emergencies, each subsidiary of the Group formulated the Procedures for Emergency Preparedness and Response Management and established an effective emergency plan and emergency command team according to own situation. Emergency drills are regularly scheduled to normalize emergency management and effectively improve the emergency awareness and emergency response capabilities of all employees.

SAFETY FIRST: FOCUS ON HEALTH

Fire Drills to Prevent Fire Risk

In October 2017, Jiaxing Minth Machines Co., Ltd., a subsidiary of the Group, conducted a fire drill in accordance with its safety emergency plan, mainly including:

- 1) Evacuation of all employees;
- 2) Practical drill of fire extinguishers and hoses.

According to the results of the drill and the actual situation of the company, the *Fire Emergency Plan* was reviewed and adjusted.



Chemical Spill Drill

In August 2017, Jiaxing Minhui Automotive Parts Co., Ltd. (“Jiaxing Minhui”), a subsidiary of the Group, held a chemical spill drill in accordance with the *Emergency Response Plan for Chemical Spills*. During the drill, each member of the emergency team acted in accordance with *Procedures for Emergency Preparedness and Response Management* and the *Emergency Response Plan for Chemical Spills*. The team leader explained the function and operation of equipment, facilities and firefighting, properties of chemicals, emergency handling matters and temporary treatment methods for chemical damage.



4.3. Safety Culture

Creating a safety culture is the foundation for achieving safe production and safe living. The Group encourages its subsidiaries to continuously strengthen education and training, carry out various safety and cultural activities, and shape a corporate safety culture that involves all employees.

Safety Training and Related Activities at the Factory in Mexico

To help build Minth's safety culture, the Group's overseas factory in Mexico organized a series of training and related activities to enhance employees' safety knowledge and awareness.



▲ Safety locks and signs for maintenance and technical staff

Trainings on hazardous chemicals disposal, safety operation procedures for equipment, tools, and flammable chemicals in the factory



▲ Global coordination system training to clarify chemical application risks and changes in hazard identifications



◀ Training for material workers (forklift drivers) to improve their driving skills



▲ Fire Evacuation Drills

SAFETY FIRST: FOCUS ON HEALTH

Safety Culture Month

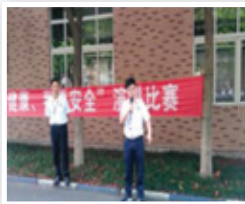
In order to build Jiaxing Minhui's safety culture, safety policies are communicated for employees to understand safety knowledge, master the company's safety operating standards, and reduce safety accidents. Jiaxing Minhui conducted a series of safety-themed activities from July to December 2017. Through activities such as training, contest, and selection, health and safety knowledge was popularized to raise safety awareness. Some activities set up incentive mechanisms to fully mobilize employees' enthusiasm.

- Training and assessment of safety management skills for the middle and entry levels where the passing rate was 100%

July 2017

- Safety Knowledge Contest with 9 participating teams to compete on knowledge concerning *Safety and Health Handbook of Minth Group*, *Guidelines for Safety Management of Prohibited Behaviors*, and *Guidelines for EHS Reward and Punishment Management for China Region*.

September 2017



July - August 2017

- "I Want Health, I Want Safety" speech contest for all employees to participate

August 2017

- Equipment safety training and testing on unsafe behaviors and unsafe conditions, psychological analysis of violations, and hazard location recognition of machinery or operating devices.

In addition, we actively promote health and safety knowledge through the WeChat platform, sharing safety tips with employees to create a safety environment and promoting safety culture.



5. UNIFIED TEAM: LOVE IN MINTH

Key performance during the Reporting Period:

- The Group had a total of 16,360 employees in 6 countries worldwide
- The Group funded a total of 48 employees

Employees are the assets cherished by the Group and the cornerstone of the Group's sustainable development. The Group has been growing thanks to the concerted efforts of our employees. On the one hand, we look forward to all kinds of talents joining us and we'll cultivate them to become the pillars that can fulfill our mission for sustainable development. On the other hand, we respect and care for all employees and constantly stimulate their potential. We hope to integrate the personal pursuits of employees into the long-term development of the Group and make our philosophy become the common pursuit of all employees, so that the Group keeps growing while its employees realize their self-value.

5.1. Beauty of Employees

The Group strictly abides by relevant industry norms, international conventions, laws and regulations of the countries and places where we operate such as the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, and the *Provisions on Prohibition of Child Labor*. We establish and improve systems and policies in aspects of human resource operations, recruitment and screening, compensation and benefits, shared HR service, organization, and development, and human resources management, etc. to protect the legitimate rights and interests of employees while respecting the customs and practices of the places where we operate.

We promise never to use forced labor or child labor. To this end, we have taken a number of measures:

- 1 That "persons under the age of 18 are not employed" is explicitly included in the internal control auditing provisions on human resources.
- 2 Relevant policies and preventive measures have been worked out for important procedures such as employee recruitment and employment.
- 3 "Overtime working application" system is implemented under which department managers must fully consider the production schedule and personal conditions of employees when they approve an overtime application.
- 4 Flexible mode of work is allowed. When employees are physically unwell and unable to work in the office, they can apply for a certain time to work at home.

Anyone who finds the use of forced labor or child labor can report it through mailing to email boxes of the general managers or the audit departments throughout the Group. We will handle the reports in strict accordance with relevant procedures and punish the personnel with violations seriously.

UNIFIED TEAM: LOVE IN MINTH

According to employer value proposition, we continuously exert the employer brand effect by attracting talented people to join us and maintaining the Group's sustainable competitiveness globally. As of 31 December 2017, the Group had issued nearly 30 human resources policies, covering aspects such as internal control of human resources, compensation and benefits, talent management, and performance evaluation. We fully understand and respect human rights. For instance, we formulated policies such as *Recruitment and Selection Policy of Minth Group* and *Internal Recommendation Policy of Minth Group* to promote employee diversity. We treat all job seekers and employees equally regardless of gender, race, religious belief, skin color, sexual orientation, age, marriage, family, pregnancy, or any other legally prohibited discriminatory factor. We advocate and uphold fairness and impartiality by formulating policies such as *Promotion Policy of Minth Group* and *Training Management Policy of Minth Group*, committed to providing employees with fair opportunities for training, career development and promotion.

During the Reporting Period, integrating the Group's recruitment resources, we established the Group's Human Resources Recruitment and Sharing Service Center to enhance recruitment efficiency and promote the equal employment of talents in all regions. We increased the intensity of publicity in the recruitment channels of the Internet and mobile terminals to strengthen the employer brand building and attract more talents to join us. During the reporting period, the Group was awarded the Best Social Responsibility Project for the 2017 Employer Branding Creativity Awards in Greater China⁷.

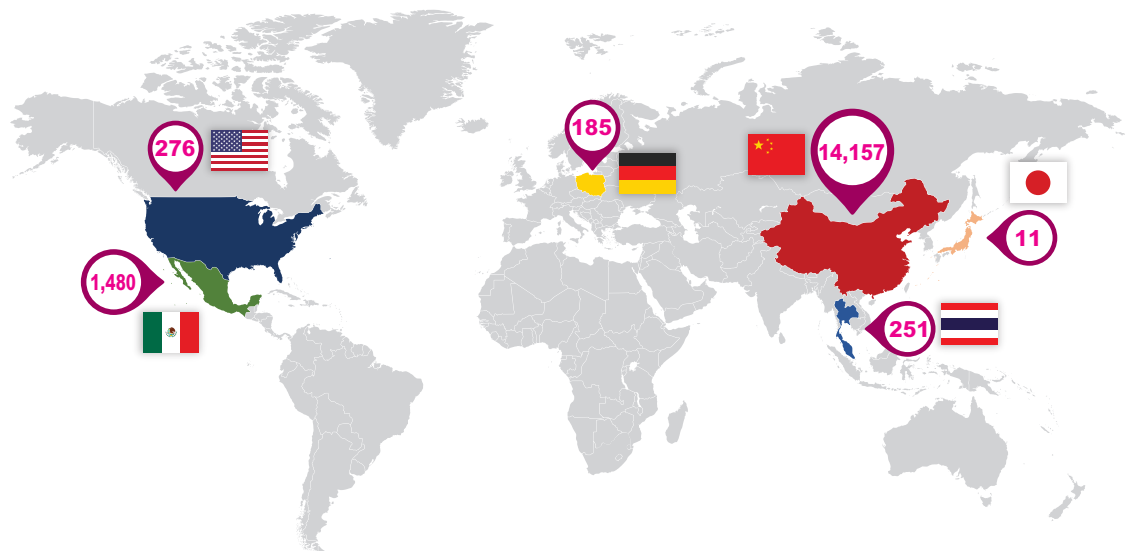


⁷ The "2017 Employer Branding Creativity Contest in Greater China" was organized by HRoot, a leading human resource media company in China, and Wings, a leading employer branding creativity agency in Greater China market, joined by REForce, a leading recruitment company in China, and Top Employers Institute, an outstanding employer research institution for the world's leading human resources certification. The "Best Social Responsibility Project Award" is one of the five awards issued in this contest.

The consistency and sustainable management of human resources is the effective support for the Group's expansion of operations globally. During the Reporting Period, in order to achieve and ensure the consistency and sustainable management of human resources globally, we carried out many initiatives in various aspects:



As of 31 December 2017, the Group had a total of 16,360 full-time employees worldwide. The geographical distribution of employees is as follows:



5.2. Joint Development

Employee Development

The Group continuously explores and improves the building of a talent development system to stimulate the potential of employees and help them realize their self-value. We consistently optimize the talent development system in three aspects of Talent Development Review (TDR), Performance and Development Review (PDR), and Personal Development Plan (PDP), and pay attention to the improvement of managers' talent cultivation capabilities. During the Reporting Period, we carried out many projects for managers, quality personnel, production control personnel, and international talents to speed up the implementation of the talent development system. For example, we held a training session for managers entitled "How to Development Oneself and Others" with cumulative 75 person-times to attend. We conducted a selection for outstanding talent development supervisors to commend outstanding management personnel in talent cultivation and output. We also launched two terms of MTP (Manager Training Program), two terms of SMTP (Senior Manager Training Program), and one term of GMTP (General Manager Training Program), cultivating a total of 60 managers, 50 senior managers, and 18 general managers for operation management. In addition, two terms of Potential Quality Talent Development Program were conducted to cumulatively cultivate 12 persons with Six Sigma black belt and 15 persons with Six Sigma green belt.

We cultivate employees from two aspects of practice and E-learning:

01 Cultivating Practical Talents

1. Leadership College: to accelerate the development of potential high-level, middle-level and grassroots talents.
2. College of Production & Technology: to accelerate the development of potential quality assurance talents and potential production management talents.
3. Professional College: to cultivate potential international HR.
4. International Talents Evaluation: organizing the language competence and multilevel competence tests for international talents twice a year, and exploring and motivating international technical talents.

02 E-learning

1. The Group has introduced the SF (SuccessFactor) talent development platform and establish about 80 E-learning courses, so that employees can learn knowledge based on their own needs on this platform at anytime and anywhere, and help their career development.
2. Continuing to enrich E-learning resources and learning styles to meet employees' diverse needs.

Talents Globalization Training

A team of talents with globalized experience is the core competitiveness of the Group in establishing a global presence. It is also the key to establish strategic alliance with global customers, improve the globalization of R&D, production and cooperation, form global management mechanisms and processes, and realize the cultural integration of Minth employees globally. We have actively formulated and implemented international technical personnel retention and incentive policies to support the Group's globalization strategy.

Our model of globalized talent training:



Training for Reserved Technical Talents



The Group has established long-term cooperative relationships with 10 schools including Ningyang Vocational Secondary School, Hulunbeier Vocational and Technical College, and Jiangxi Technician College. Through the establishment of Minth Class and other forms, we reserve technical blue-collar in advance and train potential employees before joining us to help them integrate into the Group faster and better.

Employee Evaluation and Promotion

The Group attaches great importance to the development and growth of its employees by formulating fair and impartial policies and corresponding channels for promotion and providing broad prospects for the development of its employees. We conduct comprehensive assessments of employees from six aspects of leadership, expertise, experience, dedication to work, self-development and pursuit, and stability as the basis for promotion. At the same time, we set up promotion channels for posts based on work results, knowledge and skills, independence, and experience, such as the promotion channel from engineer to senior engineer.



Employee Communication

The Group fully recognizes the importance of internal employee communication for corporate management and has established a sound mechanism for employee communication. We encourage full communication between management and grassroots employees by setting up general manager mailboxes, mailboxes for problem solving, “direct communication” channel to high-level management, etc. In order to increase the methods for internal communication of employees, we set up internal platforms such as employee magazine and an internal website for employees. In addition, in order to facilitate timely care for employees, we set up an “employee care hotline”. New employees are informed of this hotline immediately when joining and employees can call the hotline for any question they may have during work or in life. At the same time, we hold a variety of employee communication activities in various regions to strengthen internal communication and team collaboration, such as the Micro-Team Building Project in Huai’an plant, the “Zero Distance” exchange meeting in Central China Region, the “Jingjing Time” employee interview in East China Region II, and the team building activity of the Purchasing Center.



◀ Photo of Micro-Team Building in East China Region II

Micro-Team Building —▶
“Jingjing Time” Employee Interview



Employee Assistance

Full help and support should be given to the employees who suffer from difficulties. To achieve this, besides providing employees with statutory benefits, cash-based benefits, paid leave benefits, life-service benefits, etc., we have initiated and established the “Emergency Assistance Program” to help people with illnesses, natural or man-made disasters, such as employees and immediate family members who have suffered from extreme difficulties. During the Reporting Period, a total of 48 people were funded, including the employees and their immediate family members.

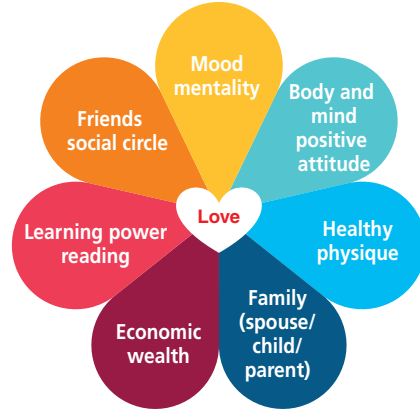
5.3. Holistic Health

The Group began to focus on the balanced development of body and mind of employees many years ago. Advocating the concept of “Holistic Health”, the Group makes continuous inputs for employees to pay attention to their own mind, health and the health of their families, balancing among the roles and seeking holistic health. We hope that our employees are not only physically healthy, but have all-round development of morality, intelligence and physique. Therefore, we are committed to providing all employees with a platform for their development on all fronts in the hope that all employees understand themselves and make positive changes for continuous growth.

UNIFIED TEAM: LOVE IN MINTH

“Holistic Health” mainly covers seven dimensions, as shown in the following figure:

Each employee needs to make a judgment at the beginning on his/her own current status in these seven dimensions and makes a corresponding plan to continuously improve his/her performance in these seven dimensions. In the meantime, we launched a number of projects such as humanities curriculum training, couples’ camps, training camps for teenagers, children’s character building camps, etc. to empower employees in seeking holistic health and help them effectively improve their performance in this regard. Details of major projects are listed below:



Projects of Holistic Health Improvement	Project Description
Couples’ Camp	<ul style="list-style-type: none"> Helping employees and their spouses open up in-depth communication channels, senior marriage and family counselors demonstrated in person to help employees enhance intimacy and build a quality environment for the growth of the next generation, thus to promote social harmony.
Parental Efficacy Training	<ul style="list-style-type: none"> Helping every employees become loving, high-efficacy parents that promote parent-child relationship and family happiness.
Energy Management Training	<ul style="list-style-type: none"> Helping employees improve their own efficiency, focus on achieving their own ideals and goals, and obtain emotion management capabilities, so that their emotions can be managed on their, and that they can change their thinking to constantly improve their talent and quality of life and enjoy a life of vitality and wonders.
Emotional Quotient Training	<ul style="list-style-type: none"> Helping each employee understand and manage their own emotions, understand other people’s emotions, influence others to change in a positive direction, improve interpersonal relationships, and enhance comfort in social networking.
Wealth Management Course	<ul style="list-style-type: none"> Helping employees cumulate financial knowledge in wealth management, master the skills of properly managing family wealth, and achieve reasonable planning and investment of family assets.
Character Building Camps for Children or teenagers	<ul style="list-style-type: none"> Activities were organized around the daily lives of employees’ children, such as physical training, classroom learning and sharing, outdoor team experience, etc. to help them grow, focusing on their holistic health, learning ability, and character building to gain a sense of love and responsibility.
Marriage and Relationship Camp	<ul style="list-style-type: none"> Based on the Group’s tourism welfare for employees, single employees were organized to participate in marriage and relationship camps, providing them a platform for dating and expanding the circle of friends.



▲ Children's character camp



▶ Couples' Camp



▲ Energy Management Training



▶ Family day

The realization of “Holistic Health” is inseparable from the balance between work and life. We pursue work-life balance. Every year, we hold a variety of recreational activities to enrich the lives of our employees and improve the relations among them. For example, we hold a variety of fun events during major festivals, such as New Year’s Day, Mid-Autumn Festival, and Christmas Day, as well as cultural and sports activities such as quality outreach, basketball games, and singing competitions.

UNIFIED TEAM: LOVE IN MINTH

Minth Mexico – “Rainbow Running” Activity

On 7 October 2017, the Group held the second “Rainbow Running” in Mexico. This “Rainbow Running” was a gathering activity of the Minth family in Mexico. A total of 200 Minth employees and their family members participated in the event.

In the event, every Minth employee and their family were immersed in a joyous atmosphere.

Minth employees in Mexico enjoyed this meaningful event that it not only enhanced their sense of belonging to the Company, delivered the Company’s commitment to happy families and sports culture, and also promoted employees’ healthy habits and awareness of coexistence with the environment.



Minth in the U.S. – Unique Halloween



It is Halloween Day on 31 October every year, an important holiday for American people, which is also an opportunity for them to develop friendship and promote family harmony. Taking advantage of Halloween as an important holiday, we held a variety of activities in the Company to celebrate a unique Halloween in order to enhance the relationship among our colleagues. We not only had an exotic costume contest and treasure hunting game, but also held a picnic and table tennis match to celebrate, so that all employees interacted with each other, enjoyed food together, and shared stories and happiness.

Minth International Family Day to Enjoy the Love of Minth Together



From the highest leadership to the management of each subsidiary, the Group attaches great importance to corporate culture building and humanistic care for employees. Every year, we hold a Family Day event to invite family members of employees (especially the families of employees who are dispatched to overseas locations) to get together and share the joy of being a member of Minth family.

In addition to the traditional events of subsidiaries' creative march-in, fun games, food and shopping street, sightseeing trains, and lucky draws in the past two years, the 2017 Family Day also set up seven country pavilions, including China Pavilion, U.S. Pavilion, German Pavilion, Thai Pavilion, Mexico Pavilion, Japan Pavilion, and the United Nations Pavilion. In addition to entertainment, each pavilion opened a national language class for families to fully experience the humanistic atmosphere of each country.

BRINGING HOPE FOR "PEARLS" : GIVING BACK TO THE SOCIETY

6. BRINGING HOPE FOR "PEARLS": GIVING BACK TO THE SOCIETY

Key performance during the Reporting Period:

- The Group helped 254 students go back to school
- The Group set up 34 "Pearl Classes" in 20 schools, helping 1,492 dropout students in total go back to school
- The Group successively funded 50 Yi children for their education in Liangshan Prefecture, Sichuan Province

We always believe that maximizing short-term financial performance for shareholders is not the only objective of the business administration. As an enterprise committed to social responsibility, the Group has been long showing solicitude for the education and well-being of disabled people in poverty-stricken areas. In 2005, the Group proposed and set up Minth Charity Fund; in 2010, the Group donated to Ningbo Charity Federation to set up a Minth-branded charity fund; in 2013, the Group sponsored "Zhejiang Minth Foundation". Upholding the principle of "dedication and sharing of love", the Group continuously focuses on education in poverty-stricken areas and actively promotes public welfare and charitable events. Over the years, the Group carried out and supported many public welfare projects, including "Hope for Pearl", "Children Class Project for the Yi Ethnic Group", "Character Shaping Project", "Polishing the Pearl", "Pearl Vocational Education Project", "Charity Box Store", "Education Support for Remote Mountain Area", "Leadership Training Camp for College Students" and "Enjoyable Reading Project for Children".

Standing on the Same Starting Line

The Group's philanthropic cause is very much focused on education. We have been caring for the next generation's education. "Education is a fundamental task crucial for generations to come". We always consider education as the greatest charity and hope all children can stand on the same starting line for education. We make efforts to bring impetus to the greatest charity and actively provide as much help as we can.

"Enjoyable Reading" Project for Children

Reading is an important channel for children to get to know the world and has great significance to the healthy development of their minds. The Group always believes that all children should enjoy equal reading opportunities. Therefore, we launched the "Enjoyable Reading" project for children, which aims to continuously provide reading resources for children in rural areas, help them develop good reading habits and enjoy the fun of reading.

During the Reporting Period, we donated 686 children's books and picture books to Chunxiao Kindergarten, Beilun District, Ningbo.



BRINGING HOPE FOR “PEARLS” : GIVING BACK TO THE SOCIETY

Children Class Project for the Yi Ethnic Group



Minth Charity Fund of the Group supports Xinhua Charity Fund to launch the Children Class Project for the Yi ethnic group in Central Primary School of Buer Township, Butuo County, Sichuan Province. We set up a Minth Yi Children Class under this project and helped 50 Yi children successfully complete their primary education and take a good first step for their life.

Education Charity



Charity Federation of Xiuzhou District

On 10 April 2017, Minth Charity Fund donated RMB150,000 to Charity Federation of Xiuzhou District to support the 2017-2019 education aid projects for impoverished college students in Xiuzhou District.

On 4 November 2017, together with Charity Federation of Xiuzhou District, Minth Charity Fund distributed subsidies to impoverished junior school students of Xiuzhou District.

During the Reporting Period, we financially supported 25 impoverished junior school students.

Charity Federation of Beilun District

In order to express our love and care for the boarding children in Tianjun Pastoral Area, Qinghai Province, Minth Charity Fund, together with Charity Federation of Beilun District, launched the caring action named “I have families in Qinghai” for boarding children in Tianjun Pastoral Area.

BRINGING HOPE FOR "PEARLS": GIVING BACK TO THE SOCIETY

Bringing Hope for "Pearls"

There are a large percentage of children in rural areas of China dropping out of school because of poverty. We pay special attention to children who are unable to receive regular education due to uneven distribution of education resources or education injustice caused by poverty. We regard these children as lost "pearls". In this context, Xinhua Charity Fund launched "Hope for Pearl" project, aiming at helping impoverished dropout "pearls" go back to school and complete their studies.

2017 is the ninth year for the Group to fund the project of "Hope for Pearl". During this year, continuously working as a pioneer of kindness, the Group helped 254 children go back to school to light up their young lives again. Since we started the donation in 2009, our footprints of love have been extending to 20 schools in 11 provinces or direct-controlled municipalities across the country. A total of 32 classes, 1,492 "double especial" (from especially poor families and demonstrating especially excellent school performance) high school "pearl" students and 50 college "pearl" students have been helped.

Continuous Care for "Pearl" Students

In order to better care for "pearl" students' study and life condition, 9 staff from Minth Charity Fund and 365 Charity Association under labor union of East China Region I of the Group set out from Jiaxing to Jiujiang, Jiangxi Province to visit 60 "pearl" students supported by the Group in Tongwen middle school on 28 April 2017. Meanwhile, by visiting "pearl" students' families, we also deeply felt their strong willpower and courage, and they were not beaten by the misfortunes of life.

BRINGING HOPE FOR “PEARLS” : GIVING BACK TO THE SOCIETY

Visit to Minth “Pearl” Class



On 23 October 2017, representatives of the Group's North China Region visited the Minth Charity 365 “Pearl” Class in the 23rd Middle School of Urumchi. We carried out interactive activities with “pearl” students and organized home visits and an opening ceremony. We brought the caring and wishes from the Charity 365 big family of Minth North China Region to all “pearl” students.



On 3 November 2017, representatives of East China Region I of the Group visited the 1st Middle School of Shuangbai County, Chuxiong, Yunnan Province. We carried out experiential activities with “pearl” students in Minth “Pearl” Class, held a thanksgiving birthday party and visited “pearl” students' families.

“High & Low Ropes Course” Project



The Group provides an activity base for the exchange, growth, presentation, training and development of all “pearl” students throughout the country. We launched the “High & Low Ropes Course” project at Pearls' Home in Jiaxing, Zhejiang Province. Minth Charity Fund invested equipment and facilities of the base. The infrastructure department of the Group took charge of the process management and supervision. Xinhua Charity Fund was responsible for the use and maintenance of the base.

BRINGING HOPE FOR “PEARLS” : GIVING BACK TO THE SOCIETY

Paying It Forward – “Polishing the Pearls” Project

In July 2017, in order to encourage “pearl” students to pass on love, the Group donated approximately RMB1 million for “Pearl 365 Project” and “365 Pearl Class”. During this period, college “pearl” students in Beijing initiated the “Pearl Beijing-Jiaxing Charity Bicycle-Riding Activity” in which “pearl” students can receive a donation of 5 RMB per kilometer of riding. 15 college “pearl” students participated in the activity and finished 1,500 kilometer of riding in 18 days. They received the Group’s donation of RMB112.5 thousand. The charity fund will help 15 possible dropout students go back to school.

In order to promote the exchange and communication between college students from the Mainland and Taiwan, Minth Charity Fund provide free round-trip tickets for 100 Taiwan students who come to the Mainland for the 9th National Cross-strait College Pearl Students’ Culture Exchange Camp.

“99” Charity Day

From 7 September to 9 September 2017, the Group initiated the “enterprises’ participation in donation” activity for “Hope for Pearl” Project of Xinhua Charity Fund. During the “99” Charity Day, the Group donated RMB1 million per day according to the principle of 1:1 and a total of RMB3 million within 3 days. Charitable fund of nearly RMB700 thousand was raised on “99” Charity Day through the “enterprises’ participation in donation” activity, with the participation of 12,074 individuals from 32 charity groups.

Let Boundless Love Pass on

In order to carry forward the Chinese traditional virtues of helping vulnerable groups and advocating generosity, and to promote the development of philanthropy in all regions, we carry out a number of disaster relief activities and assist vulnerable groups in addition to the great efforts in educational philanthropy.

BRINGING HOPE FOR “PEARLS” : GIVING BACK TO THE SOCIETY

Love beyond National Boundaries – Earthquake Relief Activities Held by Minth Mexico



In September 2017, earthquake hit a number of regions of Mexico, including Chiapas, Oaxaca, Mexico City, Morelos and Puebla, where thousands of residents lost their homes. Our employees in Mexico were deeply saddened by the local disaster and participated in the rescue the first time we got the news. On 26 September 2017, our trucks sent 71 cases of disaster relief supplies, including food, water and clothes, as well as 100 storage tanks used for debris transportation cleaned from ruins, to the disaster area. The rescue truck not only carried relief supplies, but the care and sympathy of Minth staff to the stricken area.

We always believe that love is beyond national boundary. It's necessary to provide help for all people in need, no matter which country they are from or which culture they belong to. Limited as our supports and help are, we believe that the people in the stricken area will feel our care and love.

APPENDIX: HKEX ESG GENERAL DISCLOSURES AND KPIs

7. APPENDIX: HKEX ESG GENERAL DISCLOSURES AND KPIs

	Disclosures and KPIs	In ESG Report	Notes
A. Environmental			
A1: Emissions			
General Disclosure:	Information on a) the policies and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	3.	Beautiful Minth: Environmental Protection
A1.1	The types of emissions and respective emissions data.	3.2.	Green Operations
A1.2	Greenhouse gas emissions in total (in tons) and, where appropriate intensity.	3.2.	Green Operations
A1.3	Total hazardous waste produced (in tons) and, where appropriate intensity (e.g. per unit of production volume, per facility).	3.2.	Green Operations
A1.4	Total non-hazardous waste produced (in tons) and, where appropriate intensity (e.g. per unit of production volume, per facility).	3.2.	Green Operations
A1.5	Description of measures to mitigate emissions and results achieved.	3.2.	Green Operations
A1.6	Description of how hazardous and non-hazardous wastes are handled reduction initiatives and results achieved.	3.2.	Green Operations
A2: Use of Resources			
General Disclosure:	Policies on the efficient use of resources, including energy, water and other raw materials.	3.2.	Green Operations
A2.1	Direct and indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in'000s) and intensity (e.g. per unit of production volume, per facility).	3.2.	Green Operations
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	3.2.	Green Operations
A2.3	Description of energy use efficiency initiatives and results achieved.	3.2.	Green Operations
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	3.2.	Green Operations
A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	3.2.	Green Operations
A3: The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	3.	Beautiful Minth: Environmental Protection
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	3.	Beautiful Minth: Environmental Protection

APPENDIX: HKEX ESG GENERAL DISCLOSURES AND KPIS

	Disclosures and KPIS	In ESG Report	Notes
B. Social			
B1: Employment			
General Disclosure	Information on a) the policies and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	5.1. Beauty of Employees	
B1.1	Total workforce by gender, employment type, age group and geographical region.	5.1. Beauty of Employees	
B1.2	Employee turnover rate by gender, age group and geographical region.		Planning to disclose in the future
B2: Health and Safety			
General Disclosure	Information on a) the policies and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	4. Safety First: Focus on Health	
B2.1	Number and rate of work-related fatalities.	4.2. Production Safety	
B2.2	Lost days due to work injury.	4.2. Production Safety	
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	4.2. Production Safety	
B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	5.2. Joint Development	
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).		Planning to make delicacy management in future
B3.2	The average training hours completed per employee by gender and employee category.		Planning to make delicacy management in future
B4: Labour Standards			
General Disclosure	Information on: a) the policies and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	5.1. Beauty of Employees	
B4.1	Description of measures to review employment practices to avoid child and forced labour.	5.1. Beauty of Employees	
B4.2	Description of steps taken to eliminate such practices when discovered.	5.1. Beauty of Employees	
B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	2.3. Win-Win Cooperation	

APPENDIX: HKEX ESG GENERAL DISCLOSURES AND KPIs

	Disclosures and KPIs	In ESG Report	Notes
B5.1	Number of suppliers by geographical region.		Planning to disclose in the future
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	2.3. Win-Win Cooperation	
B6: Product Responsibility			
General Disclosure	Information on a) the policies and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	2. Sheer Endeavour to Strive for Excellence and Leading a Change	
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	2.2. Product Responsibility	
B6.2	Number of products and service related complaints received and how they are dealt with.	2.3. Win-Win Cooperation	
B6.3	Description of practices relating to observing and protecting intellectual property rights.	2.1. Innovation and R&D	
B6.4	Description of quality assurance process and recall procedures.	2.2. Product Responsibility	
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	2.3. Win-Win Cooperation	
B7: Anticorruption			
General Disclosure	Information on a) the policies and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	1.4. Anti-Corruption	
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	1.4. Anti-Corruption	
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	1.4. Anti-Corruption	
B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	6. Bringing Hope for "Pearls": Giving Back to the Society	
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	6. Bringing Hope for "Pearls": Giving Back to the Society	
B8.2	Resources contributed (e.g. money or time) to the focus area.	6. Bringing Hope for "Pearls": Giving Back to the Society	